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GOVERNOR PATRICK'S BUDGET MANAGEMENT EARNS APPROVAL OF MAJOR CREDIT RATING AGENCIES

Moody's, Fitch, S&P affirm Commonwealth's 'AA' credit rating with stable outlook following Governor's FY10 budget solutions

BOSTON - Thursday, November 05, 2009 - Governor Deval Patrick today announced that the Commonwealth's bond ratings have been affirmed by the three major rating agencies, all of whom cited the Governor's responsible and proactive stewardship of the Commonwealth's finances during the current economic downturn as a leading credit strength.

Fitch Ratings, Moody's Investor Services and Standard & Poor's all affirmed the Commonwealth's credit ratings at AA, Aa2, and AA with a stable outlook.

"We appreciate the recognition. For the past year, we have faced our budget challenges head on and made tough decisions based on our values," said Governor Patrick. "Today's affirmation of our credit rating is a testament to the work of our entire Administration and positions us for long-term economic growth and prosperity."

Moody's cites as the first credit strength of the Commonwealth, "effective management during strained economic times, with a willingness and ability to promptly identify and close gaps through use of both new revenues and spending reductions."

Many states have seen their credit rating downgraded over the last 18 months, as the global recession impacts state revenue collections and leaders are forced to respond. Moody's has downgraded states like Ohio, Nevada and Michigan, while states like Connecticut, Pennsylvania, Florida, Michigan and Kentucky have received negative outlooks. At the same time, Massachusetts has maintained its positive bond rating with a stable outlook, thanks to the successful budget solutions the Governor has put forth.

According to Fitch's report, "Massachusetts' 'AA' rating reflects considerable economic resources and a record of prudent financial management....The rating outlook is stable based on the expectation that the Commonwealth will continue to address economic and revenue weakening in a manner consistent with its demonstrated sound financial practices."

Standard & Poors also notes the Governor's fiscal management of the budget, pointing to the Governor's, "strong and conservative budget management practices, with swift action to restore balance after identifying revenue shortfalls in the past year." The Commonwealth's stable outlook reflects Standard & Poor's view of the "Commonwealth's proactive approach to managing budget volatility in the past year. Revenue adjustments have been frequent and gap-closing actions have been swift to restore balance." Standard & Poor's also maintains a "strong" Financial Management Assessment (FMA) score for Massachusetts. An FMA of strong indicates that practices are strong, well embedded, and likely sustainable.

"I am pleased with the rating agencies' validation of our sound fiscal management," said Administration and Finance Secretary Jay Gonzalez. "These solid credit ratings will ensure critical access to the bond market and reduced funding costs that mean real savings for taxpayers."

The Commonwealth has maintained an 'AA' bond rating on its General Obligation Bonds throughout the unprecedented global economic downturn. Rating agencies conduct independent assessments of the Commonwealth's creditworthiness based on relevant risk factors. The Commonwealth's ratings are based on its ability to repay fully the principal and interest of its short-term or long-term debt obligations, on a timely basis. For General Obligation bonds, ratings are based primarily on four main factors: the economy, the issuer's financial position, the issuer's current and future debt burden, and financial management.

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